

Exhibit No.

5

HB445 Talking Points (allow sales of out-of-state insurance policies)

4/6/2011

Bill No.

HB 445

- This bill in our opinion would be harmful to consumers.
- Current law already allows out of state insurers to sell in Montana as long as they follow Montana laws and regulations (i.e., level playing field).
 - The bill is not really about consumers choosing their insurance plan, but is about insurance companies choosing what state laws they want to be regulated under, as opposed to being regulated by the laws enacted by our state.
 - Under the bill, filing to do business and the policies available for sale would not require approval by the Insurance Commissioner (IC). Even if the IC has reason to withdraw approval, he/she cannot.
 - We would be substituting the laws that our legislature has enacted and our Insurance Commissioner enforces with regulations from another state where *Montana consumers have no say*. Consumers and providers would be subject to laws, *including dispute resolution*, of the state where the insurance is domiciled.
- The bill incentivizes healthy people to move to plans with lax consumer protections, thereby increasing cost to those remaining. This creates a dangerous cycle in which the healthiest consumers choose the newly available cheaper policies with less coverage, driving up rates for everybody else left in the pool buying the more inclusive policies.
- Also of concern is that the out-of-state policies will have low or limited coverage, resulting in consumers having high out-of-pocket costs when utilizing medical services which may not be anticipated or realized. This could be especially true if sold through a state that has minimal consumer protections regarding disclosure of non-covered services, limited benefits and/or hidden consumer out-of-pocket costs.
- Out-of-state insurance companies would not generally have access to the same level of provider discounts as in-state companies do resulting in more out-of-pocket cost to consumers for covered services.
- The bill allows discrimination based on gender and marital status, and also could allow for those with medical conditions to be turned down for coverage.
- If state mandates are the concern, there is a more manageable approach which allows for discussion about individual mandates, including a cost benefit analysis to decide which mandates work for Montana consumers.
- This bill would reduce general fund and special state revenue due to 50/50 split of insurance premium tax collections, insurer registration and licensing fees between MT and domiciliary state. Specifically the reduction in special state revenue would impact funding to Healthy Montana Kids and the State Auditor's office insurance operating fund.

- **Provider concerns would include:**

- **Increase to bad debt due to unpaid patient bills (due to plans with low/no coverage and/or limited benefits).**
- **Administrative burden of having to learn about and comply with the insurance laws of various states.**
- **Administrative burden if need to contract with multiple insurance companies in various states.**
- **Administrative burden to develop expertise and cost to handle issues and disputes in various states.**
- **Mandated services that are not covered by out-of-state policies may result in patients delaying needed preventive care, resulting in more costly care to treat disease at later stages.**